

To The Honorable Judge Glenn,

Following up on Doc 477 regarding my collateral (loan #160242), I just wanted to add a few more points:

First, Celsius *Truth in Lending Disclosures* states, “you are giving a security interest in your collateral.”

Security: You are giving a security interest in the following collateral:

Pledged digital assets.

Late Charge: If a payment is late, you will not be charged a late fee.

Prepayment: If you pay off early, you

[x] may [] will not have to pay a penalty.
[x] may [] will not be entitled to a refund of part of the finance charge.

The annual percentage rate does not take into account your required deposits.

This obligation has a demand feature.

See your contract documents for any additional information about nonpayment, default, margin calls, the right to accelerate the maturity of the obligation, prepayment penalties, collateral, and loan termination.

A transaction in which a security interest is granted is called a “secured transaction” for it secures the loan with the collateral (repossession if default in payments). Thus, lower interest rates for lower risk to lender and creditor. Granting a security interest is the norm for loans such as auto loans, business loans, and mortgages, collectively called secured loans. As defined by Investopedia on its article “What Is a Secured Creditor?” <https://www.investopedia.com/terms/s/secured-creditor.asp>, a secured creditor is any creditor or lender associated with an issuance of a credit product that is backed by collateral.

Consequently, by definition, we are secured creditors.

My understanding is that secured creditors are given priority over other type of creditors if an institutional borrower becomes insolvent. If a company like Celsius Lending, LLC ends up in liquidation, for instance, the collateral associated with a secured credit deal is to be used by law to pay off the secured creditors first.

This leads me to the second and last point, which is that Celsius Lending LLC holds \$765 million collateral across 23,000 retail loans. Users owe \$411 million. \$354 million minimum value. I’d like to please request that you allow solvent lending platforms to bid on Celsius Lending LLC retail loan order book with profits going towards making Earn holders whole, which may be in the “unsecured creditors” bucket. This can be a solution that if implemented can maximize value for various groups of creditors.

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